UC Financial Management

University of California
Business Officers’ Institute

November 28, 2006

Topics

• Role importance

• Responsibilities

• Support
Let's Play

Who wants to be a Business Officer

SLIDE OF FAME

2006 (SF) – ?
2005 (SF) – Santa Cruz
2004 (SF) – Irvine, Riverside
2004 (NB) – Riverside
2003 (SF) – San Francisco
2001 (Brk) – Merced, Santa Cruz, UCOP
2000 (Oak) – San Francisco
Importance of the University

- 515,909 students (including UNEX)
- $18.6 billion in 2005 expenditures
- 121,826 faculty and staff
- > 600 research centers, institutes, programs
- > 1.6 million degrees conferred
- > 3 million patient visits annually
- > 34.5 million library volumes

The Influence of a Transaction

Transaction
General Ledger
- Fund Activity Repts
- Audit Findings
- UC Financial Repts
- Management Repts
- Strategic Planning
- Policy Decisions
- Credibility
Planning and Budgeting

- Strategic planning
- Budgeting
- Policies and procedures

A Success-oriented Work Environment

- Competent, knowledgeable staff
- Resources to succeed
- Clear performance expectations
- Training and support
- Objective performance appraisals
- Open communications
- Improvement-orientation
Delegating Authority

- Officially recorded, approved, reviewed
- Cannot delegate more than you have
- Delegatee must be qualified and capable
- Clear accountability trail
- Monitor for continued relevance

Transaction Processing - Preparer Responsibilities

- Understand process
- Know basic policies and regulations
- Code transactions properly
- Respond to edit messages
Transaction Processing - Reviewer Responsibilities

- Have no conflicting duties
- Check for accuracy, appropriateness
- Check for policy compliance
- Investigate and resolve issues
- Designate qualified back-up

Maintaining Internal Controls

- Separation of duties
  - Asset control
  - Booking of entries
  - Comparison / transaction review
- Periodic risk assessment
  - Reorganization
  - Regulatory changes
- Cost-benefit
Proper Accounting

- Account codes
  - Assets, liabilities, revenue, expense
- Fund codes
  - Allowable usage
- Subaccount - object codes
  - Expense classification

Accurate Financial Reporting

- Executive Information
- Management & Operations
- Fund Management & Reporting
Monitoring and Evaluating Financial Data

- Ensure locally-generated data is accurate
- Compare budget to actual figures
- Review revenue and expenses
- Investigate significant deviations
- Correct errors before next ledger cycle
- Document corrective actions

Managing Information Systems

- Physical Security
  - Access to data controls
  - Logon ID’s and Passwords
- Applications / Data Security
  - Separation of duties
  - Programming change controls
  - Programmer background checks
  - Backups and disaster recovery
Safeguarding Valuables

• Records / Information assets
• Cash receipts, petty cash, change funds
• Inventories
• Inventorial assets

Reacting & Responding to Audits

• External audits
  – Fairness of financial results
  – Regulatory compliance - A-133 Audit
  – Evolving environment
• Internal audits
  – Compliance with policies
  – Adequate controls
  – Efficiencies
Managing Cash

- Separation of duties
- Accountability
- Physical security
- Prompt deposit
- Secure payment gateways
- Monitoring and reconciliation

Managing Receivables

- Prompt billing
- Monitoring
- Follow-up
- (Dis)incentives - activity holds
- Collection efforts and write-offs
Monitoring Conflict of Interest

- Business must only benefit UC
- UC employee or close relative may not personally gain from any transaction
- Formal reporting and evaluation process

Tracking Support Group Activities

- Same stewardship responsibilities
- Require ongoing recognition of the Chancellor
- Use of the University name restricted
Where to Get Help

- Controller’s Office
- Accounting Office
- Planning and Budget Office
- Internal Audit Office
- Sponsored Projects Office
- Conflict of Interest Coordinator
- Cash Handling Coordinator